

Open Research Online

The Open University's repository of research publications
and other research outputs

Further Limits to Institutional Isomorphism? Introducing the 'Neo-contingency Approach' to the Field of Community-Led Social Ventures

Journal Item

How to cite:

Roy, Michael; Katsunori, Sato and Calo, Francesca (2015). Further Limits to Institutional Isomorphism? Introducing the 'Neo-contingency Approach' to the Field of Community-Led Social Ventures. *Voluntas: International Journal of Voluntary Nonprofit Organizations*, 26(6) pp. 2536–2553.

For guidance on citations see [FAQs](#).

© 2014 International Society for Third-Sector Research and The Johns Hopkins University

Version: Accepted Manuscript

Link(s) to article on publisher's website:
<http://dx.doi.org/doi:10.1007/s11266-014-9529-z>

Copyright and Moral Rights for the articles on this site are retained by the individual authors and/or other copyright owners. For more information on Open Research Online's data [policy](#) on reuse of materials please consult the policies page.

oro.open.ac.uk

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/267623331>

Further Limits to Institutional Isomorphism? Introducing the ‘Neo-contingency Approach’ to the Field of Community-Led Social Ventures

Article in *International Journal of Voluntary and Nonprofit Organizations* · November 2014

DOI: 10.1007/s11266-014-9529-z

CITATIONS

4

READS

425

3 authors:



Michael J Roy

Glasgow Caledonian University

46 PUBLICATIONS 689 CITATIONS

[SEE PROFILE](#)



Katsunori Sato

Kagawa University

1 PUBLICATION 4 CITATIONS

[SEE PROFILE](#)



Francesca Calo

The Open University (UK)

19 PUBLICATIONS 45 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



CommonHealth [View project](#)



Making policy reform work: a comparative analysis of social procurement [View project](#)

Further limits to institutional isomorphism?

**Introducing the ‘neo-contingency approach’ to the field of
community-led social ventures**

Michael J. Roy^a, Katsunori Sato^b and Francesca Calò^a

**Author's advance copy
Please do not cite without permission**

**^a Yunus Centre for Social Business and Health, Glasgow Caledonian
University, Glasgow, UK**

**^b School of Economics and Management, Tohoku University,
Japan**

**Contact: Michael Roy
E: michael.roy@gcu.ac.uk
T: 0044 141 331 8248**

Abstract

In this paper we apply the established 'neo-contingency approach' from organizational theory into the field of community-led social ventures which, by necessity, *have* to be embedded within their local community context in order to achieve their social mission. Through our analysis of three heterogeneous case studies from around rural Japan, we show how the external environment and contingencies affect leadership style and the pattern of social capital, influencing the type of community development apparent in each setting. We propose that local contingencies, such as external environment, leadership and social capital, play a role in influencing organizational culture in community-led social ventures and, indeed, the form that the social venture takes. We conclude by arguing that if the neo-contingency approach is to fulfil its potential then further theoretical and conceptual development is required.

Keywords

Community development; Neo-Contingency Approach; social capital; leadership; social ventures

Acknowledgements

Financial support for undertaking fieldwork was received from the Regional Industry Research Center, Tohoku University. This study has also been supported by JSPS KAKENHI Grant Number 25285111.

Introduction

Comparative management and social science research, particularly since the 1970s, has emphasised that there is a clear distinctiveness in the way similar societies solve similar problems and challenges. The basic argument is that social institutions influence company strategy and organizational practices in a systematic way, with the result that companies' structures and processes have a tendency towards institutional isomorphism (DiMaggio and Powell 1983) with capitalist economies and state administrations favouring a certain kind of behaviour based upon hierarchical control and instrumental rationalisation. Typical national patterns (Mueller 1994) can be observed which have been variously referred to as 'National Business Systems' (Whitley 1990, 1991) the 'societal effect' (Maurice et al. 1981) or the 'neo-contingency' (Donaldson 2001; Sorge 1983, 1991) approach, which is the focus of this paper.

In the neo-contingency model, individual organizations adapt to various factors with which they are faced (i.e. 'contingencies') and being in a state of adaptation means – at least in theory – that the organization's structure 'fits' the contingency or contingencies that the organization is confronted with at a given point in time (McKinley and Mone 2005). The neo-contingency approach has been used, for example, to explain how large organizations, particularly trans-national corporations, have been able to diffuse best

practice in work organization, leadership and training arrangements across national cultures (Mueller 1994), thus countering or mitigating against cultural or societal specificities. However, much less concern has been given to applying the approach to those organizations that – by necessity – *have* to be much more rooted to their local communities, such as community-led social ventures, “non-profit social ventures [that] pursue economic, social or environmental aims, generating at least part of their income from trading” (Haugh, 2007, p. 161). Peredo and Chrisman (2004) explain that these are typically ‘embedded’ (Granovetter, 1985) in geographical communities or communities of interest: economic transactions are strongly affected by the location of individuals and organizations in networks of personal relationships, and so are integral and inseparable from economic considerations. Neo-institutional theory would suggest that it would be reasonable to expect that non-profits will become more homogenous or more similar in their “structure, culture and output” (DiMaggio and Powell, 1991, p. 64) but this, we argue, is problematic since the employment of business development as a means to overcome poverty or social exclusion requires an understanding of the specific socio-economic environment in which that development is to take place (Peterson, 1988).

Indeed, the 'success' of such an organization will largely depend, one could argue, upon the ability of the organization to adapt to the contingencies being faced (Sorge, 1991) which requires a thorough appreciation and understanding of local context: in other words, to be 'effective' means engaging in an ongoing process of evaluating the impact of the organization upon the community through questioning, verifying, and redefining the manner of interaction with the environment (Miles, et al. 1978). Nonprofit isomorphism, it is argued, can limit the capacity of the non-profit sector to respond to diverse needs and preferences, undermining one of the sector's primary rationales (Leiter, 2008; Weisbrod, 1986). However, it is recognised that certain factors, such as path dependency and variability in resource environments can constrain pervasive isomorphism, particularly in a non-profit context (Ramanath 2007) and the limitations of using a purely institutionalist lens to study phenomena such as isomorphism in non-profit ventures have previously been identified (Claeyé and Jackson 2012). Thus, through analysing three case studies from research undertaken in rural areas of Japan, we attempt to explain each organization's 'pattern of adaptation' (Miles et al. 1978) to their particular local context, focusing specifically on a micro perspective of organisational studies rather than a macro one. We focus upon two specific contingencies familiar to research on community development: 'social capital' and

'leadership'. Moreover a specific focus will be given to the external environment (the local community), through analysing the relations among the different contingencies. Then, by drawing upon recent conceptual and theoretical advances, we attempt to establish a link between the 'pattern of adaptation' and the type of community development observed.

Social capital and leadership: the internal contingencies

The strength and scope of networks that leaders and other actors are able to draw upon in order to access and mobilise valuable resources has been of particular academic interest over the last couple of decades (Fiedler 1967; Kerr and Jermier 1978; Yukl 1989). Network Theory has traditionally been employed to understand the somewhat feudal (Sakai 1990) Japanese model of inter-organizational linkage, with a largely hierarchical structure of subordinate tiers of sub-contractors, dominated by large companies at the apex of a pyramid (Aoki 1990; Sako 1989; Van Kooij 1990, 1991). However, such a theoretical framework is insufficient, we argue, to understand community settings in which we see organizations that are not necessarily part of for-profit supply chains, but which are nevertheless critical to local social and economic development activity. Such organizations could include voluntary groups, non-profit organizations (NPOs), and so-called 'hybrid' forms that attempt to balance social and

economic sustainability (Billis 2010; Doherty et al. 2014; Evers 2005) such as social enterprises.

We consider that the neo-contingency approach allows for a more nuanced appreciation of the importance of context, of economic, environmental, cultural and institutional factors, than has – arguably – been appreciated in the literature to this point (Eversole et al. 2014).

This approach also extends the concept of networks beyond inter-organizational relations to take better account of strong and weak ties (Granovetter 1973). Indeed, in recent years the theory of social capital (Bourdieu 1986; Coleman 1988; Putnam 2000) has been increasingly used in the field of community development and social economy (Kay 2006; Warner 1999) and provides a useful theoretical lens through which it is possible to consider the trust, norms and connections between people in the community, grounded by the insight that “social contexts matter: that ultimately, there is no disembodied process of ‘development’, but only social change processes involving real people and institutions in and across real places who work (or do not work) together and who seek or resist particular kinds of change” (Eversole et al. 2014, p. 245). In the context of community organizations, “it is not face-to-face encounters but awareness of strong and visible voluntary organizations in society that generate a belief

in the utility and rationality of collective action” (Wollebaek and Stromsnes 2007, p. 249). Social capital allows us to understand the different roles undertaken by leaders and gatekeepers (who may not necessarily be the same person) in the community development process: whereas bonding social capital provides a kind of social ‘glue’, important for sources of support in ‘getting by’, bridging social capital provides a kind of social ‘lubricant’, important for sources of leverage in ‘getting ahead’ for both individuals and communities (Evans and Syrett 2007). Successful teams, therefore, are built through employing ‘bonding’ social capital, while gatekeeping employs ‘bridging’ social capital to make connections between the organization and key informants and supporters outside. In order to access resources within a network, Lin (1999) argues that social capital is important to ‘mobilise information channels’ and gain public trust. In such a way it is considered that the ‘weak ties’ that the likes of gatekeepers are able to draw upon can be a potent force for community organization and development (Granovetter, 1973).

There are clear links and overlaps between social capital and the second contingency – leadership – by which we mean the driving force behind community development activity, which may lie in a specific person or group of people. The term ‘leadership’ could be also used to encompass the important role of ‘gatekeepers’: those individuals

who are able to link individuals inside the organization to key people outside (Malecki 1993). Understanding how the person or groups of people leading community development efforts is important because this greatly influences the approaches taken, the strategic process, and the resulting outcomes (Matarrita-Cascante and Brennan 2012).

Employing social capital and effective leadership together is crucial in successfully encouraging local people to come together to share knowledge, solve common problems and exchange insights and frustrations (Lesser and Prusak 2000; Wenger et al. 2002). This is of particular importance to understanding the nuances of the Japanese context as we shall attempt to explain.

Background and specificity of Japanese community development: the external contingencies

The Japanese word *borantia*, from the English word *volunteer*, was virtually unknown until the 1980s, and refers to an individual who, on his or her own initiative, helps others in a spirit of goodwill (Nakano 2000). It has become much more commonplace in recent years as voluntary community development has proliferated all over Japan, encouraged by a series of policy initiatives. Even if there are different views on the relationship between the State and NPOs “there is no doubt that the non-profit sector occupies a more prominent place in Japan today” (Taniguchi and Marshall 2012, p. 152).

It is considered that the abolition of the *Seikatsu Kairyo Fukyuin* (Livelihood Extension Workers) system has been a major factor in the recent growth of voluntary community development (Sato, 2012a). During the Allied occupation following the Second World War, a programme of 'Democratization of Rural Villages' was conducted, one component of which was a 'Rural Livelihood Improvement Programme,' aimed at improving the lifestyle of the residents of rural villages. Qualified teachers and nutritionists were recruited and given training in participatory social development methods and technical training appropriate to rural villages. They were then posted to prefectural Agricultural Extension Centres, with the goal for such 'Livelihood Extension Workers' to create independently thinking farmers through promoting problem analysis and problem-solving through community participation methods. They concentrated on facilitation, rather than instruction, and provided multi-sector development assistance (JICA 2005). However, since the programme was formally abolished in 2004, the number of people who have stepped in on a voluntary basis to play an active part in attempting to fulfil the role undertaken previously by the former Livelihood Extension Workers has been steadily increasing (Sato, 2012a).

Institutional developments have also helped to encourage the spread of community development activity. Just as in many other parts of the world, the role of

entrepreneurship in regional and local development has been increasingly emphasised (Malecki 1993), including social entrepreneurship (Drayton 2002; Leadbeater 1997; Nicholls 2008), and voluntary organizations have been encouraged to adopt 'businesslike' practices and tendencies (Dees 1998; Eikenberry and Kluver 2004) through legislation allowing new institutional forms. In Japan, the concept of 'community business' or 'community enterprise' (Haugh 2007; Tracey et al. 2005) became popular among non-profit practitioners and policy makers, particularly in the field of local community regeneration from the late 1990s onwards, largely influenced by the UK (more specifically the Scottish) model (Kay, 2003; Roy et al., 2014; Tsukamoto and Nishimura, 2009). Following the role of volunteerism in the disaster-relief activities after the 1995 earthquake in Kobe, the Law to Promote Specified Non-profit Activities (the 'NPO Law') came into effect in December 1998 (Sakurai and Hashimoto 2009; Taniguchi and Marshall 2012), designed to promote non-profit activities through providing community development organizations with an opportunity to seek corporate status, enabling activities to be undertaken on a limited liability basis, mitigating individual risk. Abolition of the 'profit obligation' of limited companies in 2006 and incorporated association reform in 2008 further supported these institutional developments. While the notion of the 'social economy' is almost

entirely unfamiliar to Japanese people except for a limited number of researchers, nonprofit-cooperatives (*Hieiri Kyodo*) are comparatively widespread and they are considered almost synonymously with the social economy among academic and practitioner circles (Sakurai and Hashimoto 2009).

Interest in social enterprise as a sustainable mechanism for social and economic (re)development has increased following a more recent disaster: the Great East Japan Earthquake and tsunami of 2011 which so devastated the Tohoku region. A large scale government support programme was enacted with a view to using social enterprise as a catalyst for redevelopment of the affected communities and, at the same time, to create a solidarity network and ethos of self-reliance. Several data and case studies collected by the public sector were published, such as the 'Social Business Casebook' (METI 2012). In May 2013, a fund for supporting non-profit organizations was created by the Japanese Cabinet Office, with another currently in planning by the Disaster Reconstruction Agency (Nishide et al. 2014) with a view to creating a network of social businesses firmly rooted with the affected communities, which would act to enhance and support the disaster relief efforts and become self-sustaining through economic activity in the market. Like many other countries, Japanese society has been diagnosed as having a weakening of social bonds and an increase in social inequality and precarity

in recent years (Hommerich, 2014). The art of finding the right balance between social and commercial considerations (Teasdale 2012) to sustain activities in order to mitigate against such aspects without significant ongoing government support has proven to be a significant challenge.

Methods

The three case studies presented here were selected for study after an initial survey of community initiatives around rural Japan to identify the common organizational forms. A purposive sample was drawn of potential sites that were believed to have community development-oriented activities that had persisted over time in different sectors, and employing different organizational forms and strategies. Three rural community organizations were chosen based upon their considered heterogeneity, with a view to informing the process of theory building (Eisenhardt 1989): a form of purposeful (Emmel 2013) maximum variation sampling (Mason 1996) of instrumental case studies (Stake 1995). It is important to underline that all the cases represent grassroots organisations, with a small dimensions deeply rooted in the community. Therefore it is not possible to differentiate the selection on the base of organisation dimensions. However, the different local community, both in terms of attitude and history, where the organisations are implemented affects the community development, creating different results. Data collection involved a combination of efforts: interviews with key

informants, including officials at local and municipal government levels; interviews with knowledgeable informants from the selected communities (particularly the 'drivers' of the activities); site visits on a number of occasions, during which in-depth interviews were conducted with key actors; and participant observation (Howell 1973) which involved establishing rapport with the people, immersion in the field, recording data and observations, and consolidation of the information gathered. Financial details such as the size and the turnover of organisations were not requested for ethical issues and confidentiality reasons. However, as underlined before, the organisation dimensions were similar among the three cases. The dimension, then, does not really affect, in this case, the path of community development, therefore this data could be also not fundamental for understanding the internal and external contingencies.

The three organizations examined are located in various rural locations around Japan, as shown in Figure 1, and their key characteristics described in Table 1.



Figure 1: Location of the case studies around rural Japan

Case Study #	Title of organisation	Translation	Location	Organisational form
1	<i>Higashi Naruko Yume Kaigi</i>	Higashi Naruko Dream Council	Miyagi prefecture	NPO form
2	<i>Shima no Kaisha</i>	Company of the Island	Ehime prefecture	Private company form
3	<i>Tono Yama Sato Kurashi Network</i>	Tono Mountain Village Life	Iwate prefecture	'Hybrid' form

Table 1: About the case studies

Case Study 1: Higashi Naruko Yume Kaigi

Higashi Naruko Onsen is one of the hot springs that constitute the *Naruko* hot spring valley and has been a noted destination for those seeking a place of retreat and relaxation as far back as the *Kamakura* period (12th -14th Century), but it was when the local railway opened in the *Taisho* era in the early 20th Century that the spa became a very popular destination as a health resort, particularly with farm workers during the agricultural off-season. However, the number of visitors to the spa started to steadily decline from the 1960s onwards, in line with a decrease in the overall agricultural workforce. *Higashi Naruko Yume Kaigi* (Higashi Naruko Dream Council) was established in the early 2000s, formally incorporating as an NPO in 2007, to co-ordinate the various community development interests and re-invent the area as a modern health resort (Sato et al, 2009; Sato, 2011).

The organisation was established as a platform to connect the local *Ryokan* (inn) Association, the Tourism Association, and the neighbourhood association, all with the aim of the economic revitalisation of *Higashi Naruko Onsen*. The new project aimed at supporting the natural local environment, creating a positive experience for local communities (increasing tourism and possible revenues) and final customers (enhancing the possibility of having a unique experience). However, at the start of the process, there was conflict between the various stakeholders, in particular between Mr

Ohnuma, the president of the organization, and the local community planning department. Causes related to the disagreement could be identified in the scepticism of the local community to involve higher number of tourists not only from rural area but also from major Japanese cities such as Tokyo. Mr Ohnuma was able, not least through the force of his personality and the experience of his previous leadership as the youngest representative of the community, to ensure a considerable amount of policy attention and lever resources from the local authority. He exhibited a 'centralized' form of leadership in order to answer to the difficult external environment. He was the centre of gravity for much of the activity and the situated learning (Lave and Wenger 1991) and was central to the development, for instance, of the bread bakery which utilises locally grown crops, a fish shop which also sells unique T-shirts, and the hot spring inn which has diversified into providing a particular hot spring cure called *Tanbo Toji* (rice farm experience in hot spa). Although there were various other member associations to be found around the community, relating to the interests of the inn and aimed at developing new and traditional hot spring cures, democratic decision making and meaningful engagement by the community in the development of activities was not apparent. In fact although the Board of Directors was constituted by representatives of different associations, Mr Ohnuma played a lone role in making and maintaining the

internal and external connections and, it is fair to say, nothing much happened without the leader's approval. The presence of a difficult environment, created most probably by the difficult period experienced by the organisation and the closure towards innovation, aligned with the strong personality of the leader seemed to create a culture of dependency upon the leadership of one person, and a number of 'enthusiasm gaps' were apparent such as, for example, certain parts of the community being much more favourable to the whole concept of community development than others. Mr Ohnuma utilized both bridging social capital and bonding social capital in the Naruko area (Sato, 2011). Utilizing bonding social capital, he instigated a cooperation project with *Naruko no Kome* (a local rice project of Naruko) with nearby *Onikobe Shizen Gakko* (Onikobe Natural School) and so on. But he has also utilised bridging social capital to develop the practice of the soybean hot spring cure in co-operation with Tokyo based NPO, and the various spa treatments. Mr Ohnuma also acted as an information exchange conduit with the tourism association outside the area, and developed linkages with the travel agents in urban areas: people from cities were encouraged to come to the spa to combine a traditional experience of soybean cultivation in nearby abandoned farmland with various hot spring treatments. Finally the leader and the organisation demonstrated a very profit-oriented culture, developing relations with different stakeholders based on

reciprocity of interests, such as the mutual agreement with a railway company for re-building the train station.

The external context is not particularly favourably aligned; focused leadership means the bridging and bonding roles are focused on one person, inspiring a 'top-down' approach to community development.

Case Study 2: Shima no Kaisha

Shima no Kaisha (Company of the Island) is a private business established for the purpose of generating profits to local residents and supporting local economic development activities (Sato 2012a) in a form that Haugh (and others) would recognise as a typical community-led social venture aiming to “revitalize communities via meeting local needs, developing the capacity of a community to be independent, and generating social capital between individuals and communities” (Haugh 2007, p. 161). The organization is located in Kamijima, an island on the Seto Inland Sea, Ehime Prefecture, and was previously a thriving shipbuilding community. Since the economic collapse of the 1990s, the number of working age people declined significantly, leaving behind a much older population. Ms Murakami, a former town hall official greatly concerned with the decline of her community, founded *Yuge Josei Juku* (Yuge women's group) in 1994 with a specific interest in preserving the traditional wild grass dishes of the local

Tsumina cuisine. She helped to establish a local direct marketing shop – *Sea Station Oidensai* – as a community business with a group of local women and, after retiring from local politics in 2007, joined forces with a policy and business school graduate whose family had moved to the area – Mr Kaneto – to develop plans for community development. The leadership was thus shared between someone at the forefront of the local women’s movement, and a young professional from outside the area who had acquired his skills in a business environment and the synergies between the two supported the establishment of *Shima no Kaisha* as the vehicle for taking their plans forward. The company was owned by the islanders and the revenues generated through sale of the goods produced on the island reinvested for the benefit of everyone in the community. The activities of the two leaders focused upon the development of a community café, revitalising traditional salt making on the island, preserving and rejuvenating local skills and customs, promoting green tourism and developing a platform for international commerce of local products via on-line sales with profits reinvested for developing welfare services. In comparison to the first case study, *Shima no Kaisha* exhibits a decentralized leadership structure, with Ms Murakami and Mr Keneto working together to make the most of their respective abilities, skills and contacts. Mr Keneto was able to draw upon a strong network of influential people

outside the community connected with his previous environment, whereas Ms Murakami was able to rely upon a strong and reliable network in the local community, in particular due to her previous role in the local council. They attempted to make the most of their synergistic networks: Ms Murakami providing the bonding social capital with her strong connections and trust with the local people, while Mr Keneto was able to utilise bridging social capital – acting as gatekeeper – to draw upon his personal connections from Matsushita School of Government and Management, particularly from large cities outside the area, for the benefit of the local people. This co-operation has resulted in several successes including the planting and selling of soybean in abandoned farmland in partnership with a Tokyo based NPO and the development of a festival to attract tourists and the reduction of loneliness of involved elders from the *Toji* temple in Kyoto. By widening the area of trade and the range of community branded products, this directly led to their ability to expand the quality and range of community services. Even although the relation with the local political context did not seem wholly positive, with relationships better formed at the regional level, the presence of a favourable local context has supported and nurtured a shared leadership, oriented towards collective interaction. This form of leadership has then guaranteed a directed community development, supported by a workers collective enthusiasm.

Case Study 3: Tono Yama Sato Kurashi Network

Tono Yama Sato Kurashi (Tono Mountain Village Life) Network could be described as a 'hybrid' of the two previous organizational forms (Sato, 2012b). The affiliated organizations of the network are partnerships between NPOs and private companies. The organization acts as the umbrella body for a cluster of community development organizations in and around Tono, a small city of almost 30,000 inhabitants near the centre of Iwate Prefecture. The city is known for its rural nature and the preservation of traditional culture, and especially for the collection of folktales written there in the early 20th Century. In the past the city was supported by different local industries, which declined affecting the population and developing new ideas for increasing community development. The organisation aims to develop sustainable tourism as an instrument for community regeneration, facilitating and providing information to the different organisations involved in the Network in order to leverage investment to the area. The Network was initially founded by Mr Kikuchi, a former senior director in Tono city hall, who was born and raised in the city. During his tenure he was the director of agriculture, commerce and industrial cooperation, and so was well placed to become the manager of the *Tono Yume Sato Kurashi* Network following his early retirement. Mr Kikuchi was able to take advantage of his network of contacts to further the aims and activities of the diverse range of organizations that comprise the Network, such as *Tono*

Minpaku Kyokai (Tono homestay council), *Miyamori Green Tourism Council*, *Ayaori Yume wo Sakaseru Jyousei no Kai* (a women's group in Ayaori) and *Takada Driving School*.

Mr Kikuchi has developed a 'community of practice' (Wenger et al. 2002) with the leaders of the various organizations involved in the Network who come together regularly to share best practice and intelligence, and otherwise concentrate their energies on their specific local or sectoral concerns. Mr Kikuchi combines the role of gatekeeper and leader in Tono, although the leaders of the organizations under the umbrella retain strong networks and ties to their respective local communities. In a consultant 'problem-solving' role, however, Mr Kikuchi has been able to express his creativity and individuality in coming up with unique solutions to local needs, underlining the fundamental position he has in leading the network. For example, when the driving school in Tono closed down, Mr Kikuchi came up with an innovative arrangement with local *shiitake* mushroom farmers, whereby driving instructors cultivate *shiitake* in the driving off-season under the supervision and tutelage of local farmers, and then teach people how to drive who principally come in from urban areas to learn *shiitake* mushroom cultivation. This is just one of many examples of synergistic solutions that the Network was able to generate through connecting different people and organisations to develop innovative answers to specific problems.

Leaders under the cluster are thus able to employ bridging social capital in their specific field of interest and take advantage of bonding social capital to further their own activities. Mr Kikuchi, as the leader and instigator of the cluster, employs a wide range of bridging social capital and bonding social capital to support those leaders underneath the umbrella, and champion and instigate local projects and those of the surrounding rural hinterland when required. Moreover the relation with the local political context is pretty positive, even although the organisation openly declares that it has complete economic and decisional independence. A positive environment, among the different entities of the network and with the local public administrations guarantees the creation of a share leadership, where synergies in the community enhance a problem-solving attitude among all the leaders. This influences the type of community development seen, which is a 'self-help' movement deeply based on a high degree of involvement of all the organisations.

Analysis

From an abductive analysis of the various data it has been possible to analyse how social capital and leadership affects the type of community development and how the external variables could affect, in turn, the leadership style, the pattern of social capital and the path for community development in each case. The term 'abduction' was coined by American philosopher Charles Sanders Peirce in his work on the logic of science

(Peirce 1932) and was characterised by Peirce as being the basis of scientific inquiry; in addition to induction and deduction, one of the three fundamental modes of logical reasoning. In essence, abduction involves “moving backward and forward among empirical data, research literature and emergent theory” (Dey and Teasdale 2013, p. 255) in order to expand understanding of both theory and empirical phenomena, and to generate explanations for findings.

The form of community development observed follows a typology devised by Matarrita-Cascante and Brennan (2012) as described in Figure 2.

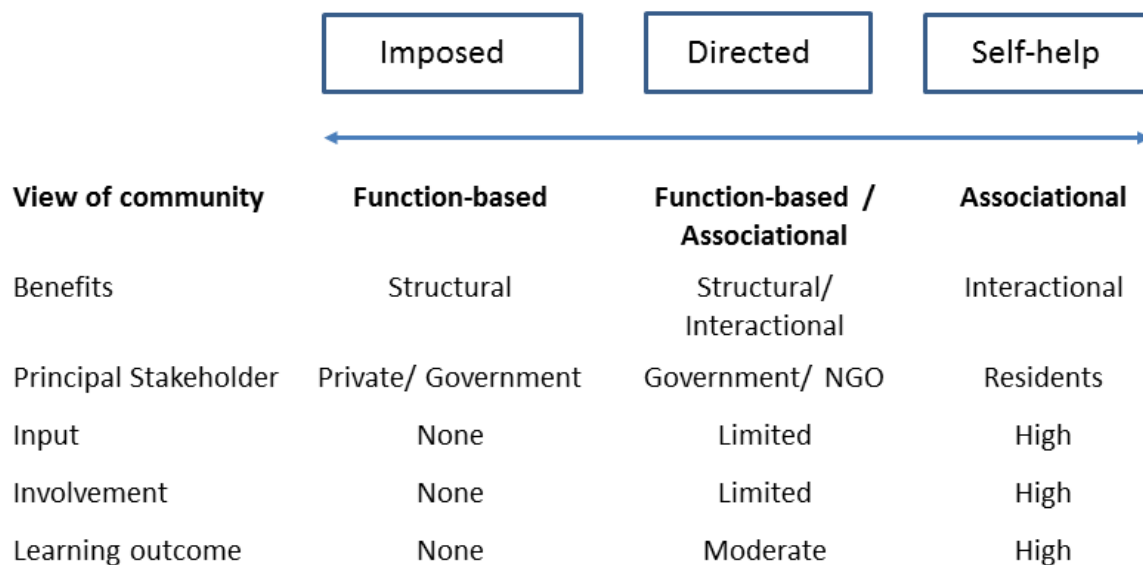


Figure 2: Matarrita-Cascante and Brennan's (2012) Community Development Typology

Table 2, on the other hand, brings together the pattern of social capital and leadership observed in each case study, with the corresponding form of community development.

In the first case a centralised type of leadership is characterized by a form of ‘centralised social capital’. The leader role is essential for developing social capital, both in terms of bridging and of bonding.

Case Study	Type of leadership	Pattern of social capital	Environmental Contingencies	Type of community development (Matarrita-Cascante and Brennan, 2012b)
Higashi Naruko Onsen (NPO) <i>Higashi Naruko Yume Kaigi</i>	Centralised type of leader	Leader (alone) takes advantage of both bridging social capital and bonding social capital	Difficult local environment	Imposed
Kamijima (Business corporation) <i>Shima no Kaisha</i>	Decentralized leadership of gatekeeper and leader	Veteran of town hall utilizes bonding social capital in partnership with immigrant who takes advantage of bridging social capital	Relations at regional level but not community level	Directed
Tono (Hybrid organisation) <i>Tono Yama Sato Kurashi</i>	Leaders of organizations in the cluster based on the instigator	Both instigator and leader take advantage of bridging social capital and bonding social capital	Favourable local environment	Self-help

Table 2: Pattern of social capital and leadership

Without the centrality of the role of the leader in the process it would not have been possible, it could be argued, to exploit the cooperation opportunities as described, and it would likely not have been possible to leverage local funding in the same way, or to the same extent. The necessity of having a leader in a central role is symptomatic of the difficult environment in which the organisation operates. A controversial, often difficult, relationship with the local council has affected the path of community development followed.

Although Matarrita-Cascante and Brennan (2012) explain that imposed community development is often characterised as the private sector or government as being the principal stakeholder, in this case the leader was able to exercise power in a form of 'benign autocracy'. This form of community development, mainly guided by the expertise and judgement of the individual, neither required nor sought the community's input and involvement. By exercising his skills and ability to be both gatekeeper and network developer, this has meant that learning (about working together, 'co-production' (Brandsen and Pestoff, 2006) or technical know-how) was not diffused to the large majority of local residents.

The second case study – *Kamijima* – is symptomatic of a 'directed' form of community development, to draw again upon Matarrita-Cascante and Brennan's (2012) typology.

Leadership is decentralised to a certain extent, and the social capital development is based upon the networks of more than one person. Leadership is shared between two key people who each bring their respective ideas, contacts and strengths together for the benefit of the community. There is a higher degree of democratic effort involved than in Case Study 1, both in engaging with the local residents and also with the outside world; directing, but not imposing, the involvement of the organization and capitalising upon the positive relationships that one of the leaders had at the regional level. The two gatekeepers and the leader are both important and through their synergistic decision processes, work to sustain the community development activities. In this form of community development, it was apparent that residents had a reasonable (moderate) level of input and 'voice' (Hirschman, 1970; Hirst, 1993).

Finally, in the Tono case, where the leadership is spread among different communities, the role of instigator has been fundamental in order to promote the process of capacity-building through the interaction of residents and a range of stakeholders. The positive relation with the external environment at local level permit the development of a shared leadership, involving different voices and different ideas in pursuing the growing of the community. This 'self-help' form of community development is characterised as associating with each other while "building meaningful relationships

critical for the community's subsistence" (Matarrita-Cascante and Brennan, 2012a, p. 299). In this case the ability of the instigator to provide the necessary skills to the different leaders to support the self-help process ensures that learning is diffused significantly throughout the Network.

Discussion and Conclusions

Through the analysis of the three cases presented here, this paper has offered an overview of the connection between leadership and social capital development and how contingencies – whether internal and external – can influence or explain the type of community development – whether directly, or through the impact on type of leadership apparent in each case. While it is clear that nations or groups of nations with similar characteristics imprint strong impressions upon organizational cultures (Alvesson 2013), these cultures can shape, and in turn be shaped by, local contingencies.

One could argue (if one were interested in generalizability) that a weakness of this study is a lack of what could be termed 'empirical typicality' (Seale, 1999): Japanese society is extremely homogeneous and social hierarchy, it is suggested, is more strictly observed than in the US or Europe (Upham, 1987), with respect and deference shown to older and more senior people, which may account, in some ways, for what is observed

in Case Study 1, and the needs of the individual are often seen as subservient to the needs of the collective (perhaps accounting for what is observed in Case Study 3 and, to a lesser extent, Case Study 2). However, the context as external contingencies in each case is provided in order to help the reader to exercise judgement as to whether that the same processes could plausibly apply in other, perhaps more familiar, settings.

Finally, it is somewhat tautological to state that the nature of institutional isomorphism is dependent upon the distinct nature of the capitalist economy and state administration in question, and, of course, the cultural (and other) forces that both shape, and are shaped in turn by, institutions. Local contingencies, it is considered, may therefore represent a further constraint to pervasive institutional isomorphism in the community sector. We therefore suggest that the neo-contingency approach to community development may be valuable in furthering our knowledge and understanding of the role and nature of social ventures within community settings through an analysis at micro level. However, we also consider that the approach requires further theoretical and conceptual development: examination of a wider, more varied, range of contingencies through more – perhaps longitudinal – empirical research, in different communities and different cultural settings is undoubtedly required.

References

Alvesson, M., 2013. *Understanding Organizational Culture*, 2nd ed. SAGE, London.

Aoki, M., 1990. Toward an Economic Model of the Japanese Firm. *Journal of Economic Literature* 28, 1–27.

Billis, D. (Ed.), 2010. *Hybrid Organizations and the Third Sector: Challenges for Practice, Theory and Policy*. Palgrave Macmillan, Basingstoke.

Bourdieu, P., 1986. The Forms of Capital, in: Richardson, J. (Ed.), *Handbook of Theory and Research for the Sociology of Education*. Greenwood Press, Westport, Connecticut, pp. 241–258.

Brandsen, T., Pestoff, V., 2006. Co-Production, the Third Sector and the Delivery of Public Services. *Public Management Review* 8, 493–501.

Claeyé, F., Jackson, T., 2012. The Iron Cage Re-Revisited: Institutional Isomorphism in Non-Profit Organisations in South Africa. *Journal of International Development* 24, 602–622.

Coleman, J.S., 1988. Social Capital in the Creation of Human Capital. *American Journal of Sociology* 94, S95–S120.

Dees, J.G., 1998. Enterprising Nonprofits. *Harvard Business Review* 76, 54–67.

- Dey, P., Teasdale, S., 2013. Social Enterprise and Dis/identification. *Administrative Theory & Praxis* 35, 248–270.
- DiMaggio, P.J., Powell, W.W., 1983. The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review* 48, 147–160.
- DiMaggio, P.J., Powell, W.W., 1991. The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields, in: Powell, W.W., DiMaggio, P.J. (Eds.), *The New Institutionalism in Organizational Analysis*. University of Chicago Press, Chicago, pp. 147–160.
- Doherty, B., Haugh, H., Lyon, F., 2014. Social Enterprises as Hybrid Organizations: A Review and Research Agenda. *International Journal of Management Reviews*. doi:10.1111/ijmr.12028
- Donaldson, L., 2001. Neo-Contingency Theory, in: *The Contingency Theory of Organizations*. SAGE, Thousand Oaks, CA, pp. 245–269.
- Drayton, W., 2002. The Citizen Sector: Becoming as Entrepreneurial and Competitive as Business. *California Management Review* 44, 120–132.
- Eikenberry, A.M., Kluver, J.D., 2004. The Marketization of the Nonprofit Sector: Civil Society at Risk? *Public Administration Review* 64, 132–140.

Eisenhardt, K.M., 1989. Building Theories from Case Study Research. *The Academy of Management Review* 14, 532–550.

Emmel, N., 2013. Sampling and Choosing Cases in Qualitative Research: A Realist Approach. Sage Publications, Thousand Oaks, CA.

Evans, M., Syrett, S., 2007. Generating Social Capital?: The Social Economy and Local Economic Development. *European Urban and Regional Studies* 14, 55–74.

Evers, A., 2005. Mixed Welfare Systems and Hybrid Organizations: Changes in the Governance and Provision of Social Services. *International Journal of Public Administration* 28, 737–748.

Eversole, R., Barraket, J., Luke, B., 2014. Social Enterprises in Rural Community Development. *Community Development Journal* 49, 245–261.

doi:10.1093/cdj/bst030

Fiedler, F.E., 1967. A Theory of Leadership Effectiveness. McGraw-Hill, New York.

Granovetter, M., 1985. Economic Action and Social Structure: The Problem of Embeddedness. *American Journal of Sociology* 481–510.

Granovetter, M.S., 1973. The Strength of Weak Ties. *American Journal of Sociology* 78, 1360–1380.

- Haugh, H., 2007. Community-Led Social Venture Creation. *Entrepreneurship Theory and Practice* 31, 161–182.
- Hirschman, 1970. *Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States*. Harvard University Press, Cambridge, MA.
- Hirst, P., 1993. *Associative Democracy: New Forms of Economic and Social Governance*. Polity Press, Cambridge.
- Hommerich, C., 2014. Feeling Disconnected: Exploring the Relationship Between Different Forms of Social Capital and Civic Engagement in Japan. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*.
doi:10.1007/s11266-014-9525-3
- Howell, J.T., 1973. *Hard Living on Clay Street: Portraits of Blue Collar Families*. Waveland Press, Prospect Heights, IL.
- JICA, 2005. *Japan's Experiences in Public Health and Medical Systems: Towards Improving Public Health and Medical Systems in Developing Countries*. Institute for International Cooperation/Japan International Cooperation Agency, Tokyo.
- Kay, A., 2003. *General Paper on Social Enterprise and Its Possible Future Role in Western Society: for the Department of Humanities, Sapporo Gakuin University, Japan*. CBS Network, Edinburgh.

- Kay, A., 2006. Social Capital, the Social Economy and Community Development. *Community Development Journal* 41, 160–173.
- Kerr, S., Jermier, J.M., 1978. Substitutes for Leadership: Their Meaning and Measurement. *Organizational Behaviour and Human Performance* 22, 375–403.
- Lave, J., Wenger, E., 1991. *Situated Learning: Legitimate Peripheral Participation*. Cambridge University Press, Cambridge.
- Leadbeater, C., 1997. *The Rise of the Social Entrepreneur*. DEMOS, London.
- Leiter, J., 2008. Nonprofit Isomorphism : An Australia - United States Comparison. *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 19, 67–91.
- Lesser, E., Prusak, L., 2000. Communities of Practice, Social Capital and Organizational Knowledge, in: Woods, J.A., Cortada, J. (Eds.), *The Knowledge Management Yearbook 2000-2001*. Butterworth-Heinemann, Woburn, MA, pp. 251–259.
- Lin, N., 1999. Building a Network Theory of Social Capital. *Connections* 22, 28–51.
- Malecki, E.J., 1993. Entrepreneurship in Regional and Local Development. *International Regional Science Review* 16, 119–153.
- Mason, J., 1996. *Qualitative Researching*. SAGE Publications, Thousand Oaks, CA.

Matarrita-Cascante, D., Brennan, M.A., 2012a. Conceptualizing Community Development in the Twenty-First Century. *Community Development* 43, 293–305.

doi:10.1080/15575330.2011.593267

Matarrita-Cascante, D., Brennan, M.A., 2012b. Conceptualizing Community Development in the Twenty-First Century. *Community Development* 43, 293–305.

doi:10.1080/15575330.2011.593267

Maurice, M., Sorge, A., Warner, M., 1981. Societal Differences in Organizing Manufacturing Units: A Comparison of France, West Germany, and Great Britain. *International Studies of Management & Organization* 10, 74–100.

McKinley, W., Mone, M.A., 2005. Micro and Macro Perspectives in Organization Theory: A Tale of Incommensurability, in: Tsoukas, H., Knudsen, C. (Eds.), *The Oxford Handbook of Organization Theory: Meta-Theoretical Perspectives*. Oxford University Press, Oxford; New York, pp. 345–372.

METI, 2012. *Social Business Case Book (Post-Disaster Reconstruction Edition)*. Ministry of Economy, Trade and Industry, Tokyo, Japan.

Miles, R.E., Snow, C.C., Meyer, A.D., Coleman, H.J., 1978. Organizational Strategy, Structure, and Process. *The Academy of Management Review* 3, 546–562.

- Mueller, F., 1994. Societal Effect, Organizational Effect and Globalization. *Organization Studies* 15, 407–428.
- Nicholls, A. (Ed.), 2008. *Social Entrepreneurship: New Models of Sustainable Social Change*. Oxford University Press, Oxford.
- Nishide, Y., Motoyama, K., Sakagemi, H., Watanabe, S., Sato, K., Takaura, Y., 2014. *Policy Issues and Current Status of NPO Activities Centered on Miyagi, Fukushima Prefecture Since the Earthquake: Recommendations for the Reconstruction and Regeneration of Industry and Society in the Tohoku Region*. Kahoku Shimpō Publishing Center, Sendai, Japan.
- Peirce, C.S., 1932. *Collected Papers of Charles Sanders Peirce*. Belknap Press of Harvard University Press, Cambridge, MA.
- Peredo, A.M., Chrisman, J.J., 2004. Toward a Theory of Community-Based Enterprise. *Academy of Management Review* 31, 309–328.
- Peterson, R., 1988. Understanding and Encouraging Entrepreneurship Internationally. *Journal of Small Business Management* 26, 1.
- Putnam, R., 2000. *Bowling Alone: The Collapse and Revival of American Community*. Simon & Schuster, New York.

- Ramanath, R., 2007. Limits to Institutional Isomorphism: Examining Internal Processes in NGO-Government Interactions. *Nonprofit and Voluntary Sector Quarterly* 38, 51–76. doi:10.1177/0899764008315181
- Roy, M.J., McHugh, N., Huckfield, L., Kay, A., Donaldson, C., 2014. “The Most Supportive Environment in the World”? Tracing the Development of an Institutional “Ecosystem” for Social Enterprise. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*. doi:10.1007/s11266-014-9459-9
- Sakai, K., 1990. The Feudal World of Japanese Manufacturing. *Harvard Business Review* 68, 38–49.
- Sako, M., 1989. Partnership Between Large and Small Firms: The Case of Japan, in: Commission of the European Communities (Ed.), *Partnership Between Small and Large Firms*. Graham and Trotman, London.
- Sakurai, M., Hashimoto, S., 2009. Exploring the Distinctive Feature of Social Enterprise in Japan, in: 2nd EMES International Conference on Social Enterprise. Trento, Italy.
- Sato, K., 2011. Issues on Local Revitalisation in a Traditional Health Resort: The Case of Higashi-Naruko Hot Spring. *Journal of the Japan Association of Regional Development and Vitalization* 255–262.

- Sato, K., 2012a. Organizational Theory Study of Community Development: Strategic Consistency and Community Regeneration. Annual Report of the Economic Society (Tohoku University) 73, 61–77.
- Sato, K., 2012b. Design Strategy of Local Development Community Businesses in Isolated Islands: Example of Kamijima Town, Ehime Prefecture. Journal of the Japan Association of Regional Development and Vitalization 231–239.
- Seale, C., 1999. The Quality of Qualitative Research. Sage Publications, Thousand Oaks, CA.
- Sorge, A., 1983. Cultured Organisation. International Studies of Management and Organisation 106–138.
- Sorge, A., 1991. Strategic Fit and the Societal Effect: Interpreting Cross-National Comparisons of Technology, Organization and Human Resources. Organization Studies 12, 161–190.
- Stake, R.E., 1995. The Art of Case Study Research. SAGE Publications.
- Taniguchi, H., Marshall, G.A., 2012. The Effects of Social Trust and Institutional Trust on Formal Volunteering and Charitable Giving in Japan. Voluntas: International Journal of Voluntary and Nonprofit Organizations 25, 150–175.
- doi:10.1007/s11266-012-9328-3

- Teasdale, S., 2012. Negotiating Tensions: How Do Social Enterprises in the Homelessness Field Balance Social and Commercial Considerations? *Housing Studies* 27, 514–532.
- Tracey, P., Phillips, N., Haugh, H., 2005. Beyond Philanthropy: Community Enterprise as a Basis for Corporate Citizenship. *Journal of Business Ethics* 58, 327–344.
- Tsukamoto, I., Nishimura, M., 2009. Japan, in: Kerlin, J.A. (Ed.), *Social Enterprise: A Global Comparison*. University Press of New England, Lebanon, NH, pp. 163–183.
- Upham, F.K., 1987. *Law and Social Change in Postwar Japan*. Harvard University Press, Cambridge, MA.
- Van Kooij, E., 1990. Industrial Networks in Japan: Technology transfer to SMEs. *Entrepreneurship and Regional Development* 279–301.
- Van Kooij, E., 1991. Japanese Subcontracting at a Crossroads. *Small Business Economics* 145–54.
- Warner, M., 1999. Social Capital Construction and the Role of the Local State. *Rural Sociology* 64, 373–393.
- Weisbrod, B.A., 1986. Toward a Theory of the Voluntary Nonprofit Sector in a Three-Sector Economy, in: Rose-Ackerman, S. (Ed.), *The Economics of Nonprofit*

Institutions: Studies in Structure and Policy. Oxford University Press, New York, pp. 21–44.

Wenger, E., McDermott, R.A., Snyder, W., 2002. Cultivating Communities of Practice: A Guide to Managing Knowledge. Harvard Business Press, Cambridge, MA.

Whitley, R.D., 1990. Eastern Asian Enterprise Structures and the Comparative Analysis of Forms of Business Organization. *Organization Studies* 47–74.

Whitley, R.D., 1991. The Social Construction of Business Systems in East Asia. *Organization Studies* 12, 1–28.

Wollebaek, D., Stromsnes, K., 2007. Voluntary Associations, Trust, and Civic Engagement: A Multilevel Approach. *Nonprofit and Voluntary Sector Quarterly* 37, 249–263.

Yukl, G., 1989. Managerial Leadership: A Review of Theory and Research. *Journal of Management* 15, 251–289. doi:10.1177/014920638901500207